



Coca-Cola Amatil (Fiji) Pte Ltd  
Ratu Dovi Rd LBEst Nasinu, Fiji  
ccamatilfiji.com

The Acting Chief Executive Officer  
South Pacific Stock Exchange  
Shop 1 and 11, Sabrina Building  
Victoria Parade  
Suva

30 June 2021

Dear Mr Prasad,

**Announcement of compulsory acquisition of shares in Paradise Beverages (Fiji) Limited by Coca-Cola Amatil (Fiji) Pte Ltd to increase ownership to 100%**

Coca-Cola Europacific Partners, formerly Coca-Cola Amatil (**CCEP**), is one of the largest bottlers and distributors of non-alcoholic and alcoholic ready to drink beverages in the Pacific, Europe and Indonesia. In Fiji, CCEP owns Coca-Cola Amatil (Fiji) Pte Ltd (**CCEP Fiji**) which in turn owns 89.59% of Paradise Beverages (Fiji) Limited (**PBF**), an interest acquired in 2012. CCEP Fiji also manufactures and distributes non-alcoholic ready to drink beverages (including Coca-Cola products) in Fiji.

CCEP Fiji has today acquired 57,323 (equivalent to 0.55%) ordinary shares in PBF from Platinum Insurance Limited's (**PIL**). Following this acquisition, CCEP Fiji now holds a relevant interest in 90.14% of PBF's shares and can, in accordance with section 263 of the Companies Act 2015 (**Companies Act**), proceed with the compulsory acquisition of the remaining shares that it does not hold to increase its ownership to 100%. As required by section 265 of the Companies Act, the compulsory acquisition will be for the same cash price as that offered to PIL, being FJ\$25.21 per PBF share.

The above PIL transaction was approved by both the Reserve Bank of Fiji (**RBF**) and the South Pacific Stock Exchange (**SPX**). Following completion of the compulsory acquisition process, PBF will be a wholly-owned subsidiary of CCEP Fiji and will be de-listed from the SPX.

CCEP Fiji's further investment in PBF reinforces CCEP's long-term commitment to growing its businesses in Fiji and Samoa, including supporting local employment, local brewing of leading beers, distillation of global award-winning rum and production and distribution of non-alcoholic drinks. Following PBF becoming a wholly-owned subsidiary, CCEP Fiji's focus will remain on supporting its people, customers and businesses in Fiji and Samoa, particularly as the Fijian community emerges from the challenges of COVID-19. As CCEP Fiji works through the current challenges of COVID-19 in 2021, it does not propose to make any material structural or people changes as a result of its further investment in PBF.

Please find attached the following documents:

- (a) sample compulsory acquisition notice, comprised of an explanatory cover letter and Form A53 (the completed Form A53s and explanatory cover letters will be dispatched to PBF shareholders today); and
- (b) although not required by the Companies Act, an Independent Expert's Report which concludes that the compulsory acquisition price is fair and reasonable<sup>1</sup>.

The correspondence to PBF shareholders sets out the compulsory acquisition procedure and shareholders' rights. It will include the Form A53 and the Independent Expert's Report. The Form A53 has also been lodged with the Companies Office and a copy of CCEP's correspondence provided to the Reserve Bank of Fiji for its information.

Finally, please note that as announced on 29 June 2021, PBF has declared a dividend of FJ\$0.50 per share. Regardless of when shareholders opt in under the compulsory acquisition process, all acquisitions will be settled from the dividend record date of 19 July 2021 so shareholders still receive the PBF dividend.

Yours sincerely,



**Graham Rose**  
**Company Secretary**  
**Coca-Cola Amatil (Fiji) Pte Ltd**

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<sup>1</sup> As noted in the Independent Expert's Report, the compulsory acquisition price represents a premium of between 27% and 34% over the value assessed as fair based on an independent market valuation of PBF.

[Shareholder address]

30 June 2021

Dear Shareholder,

**Notice of compulsory acquisition of your shares in Paradise Beverages (Fiji) Limited by Cola-Cola Amatil (Fiji) Pte Ltd**

As you may be aware, on 30 June 2021, Coca-Cola Amatil (Fiji) Pte Limited (**CCEP Fiji**) increased its interest in Paradise Beverages (Fiji) Limited (**PBF**) from 89.59% to 90.14% through the acquisition of ordinary shares in PBF from Platinum Insurance Limited (**PIL**).

You have received this letter and the enclosed information as you hold shares in PBF. As CCEP Fiji now holds a relevant interest in over 90% of PBF's ordinary shares, it proposes to compulsorily acquire each share that you hold for **FJ\$25.21 per share** in accordance with section 263 of the Companies Act 2015 (**Companies Act**). As required by section 265 of the Companies Act, this is the same cash price as that offered to PIL.

CCEP Fiji **encloses** by way of service:

1. Form A53 - Notice of Compulsory Acquisition other than following a Takeover which CCEP Fiji is required to give you under s 263(1)(a) of the Companies Act in order to exercise its right to compulsorily acquire the remaining shares in PBF.
2. Whilst not required under the Companies Act, an Independent Expert's Report which concludes that the compulsory acquisition price is fair and reasonable<sup>1</sup>.

Please read both of the above documents carefully. The three options available to you are summarised in the table below:

Option	Description
<b>Option 1 – Require CCEP Fiji to acquire your shares</b>	You may require CCEP Fiji to acquire your shares on these terms and should contact the designated stockbroking firm, Kontiki Stockbroking, on +679 3307284 or <a href="mailto:infodesk@kontiki.com.fj">infodesk@kontiki.com.fj</a> , for this purpose. If you choose this option, you can take advantage of accelerated payment terms <sup>2</sup> and receive the consideration for your shares during the 28-day waiting period required

<sup>1</sup> As noted in the Independent Expert's Report, the compulsory acquisition price represents a premium of between 27% and 34% over the value assessed as fair based on an independent market valuation of PBF.

<sup>2</sup> As announced on 29 June 2021, PBF has declared a dividend of FJ\$0.50 per share. Regardless of when shareholders opt in under Option 1, all acquisitions will be settled from the dividend record date of 19 July 2021 so shareholders still receive the PBF dividend.

Option	Description
	under the Companies Act <sup>3</sup> , instead of having to wait for the compulsory acquisition process to complete <sup>4</sup> . Please note that all SPX and private transfer fees will be borne by CCEP Fiji. Standard brokerage fees do not apply.
<b>Option 2 – Object via a Court process</b>	If you wish to object to the compulsory acquisition of your shares, you may do so by seeking recourse through the Court as contemplated by section 263 of the Companies Act. If you choose this option, you should seek your own legal advice.
<b>Option 3 – Do nothing</b>	You may also choose to do nothing. If you choose this option, following the 28-day waiting period your shares will be transferred to CCEP Fiji and you will receive further correspondence from CCEP Fiji setting out details for the payment of the consideration payable to you upon compulsory acquisition of your shares. On completion of the compulsory acquisition process, CCEP Fiji will hold the consideration for your shares on trust for you and you will be entitled to claim that consideration from CCEP Fiji.

This compulsory acquisition notice has been lodged with the Companies Office and copies provided to the Reserve Bank of Fiji and South Pacific Stock Exchange (**SPX**). Please note that you do not need to sign or return the enclosed Form A53. In due course (and assuming you have not already required CCEP Fiji to acquire your shares as per Option 1), CCEP Fiji will send you a letter which sets out details on how you can claim the consideration.

Please note that PBF shares have been suspended from trading on the SPX and once the compulsory acquisition process is complete, in line with the provisions under the SPX Listing Rules, PBF will be delisted from the official list of the SPX at a date to be determined.

If you have any questions regarding the compulsory acquisition process please contact CCEP Fiji's appointed broker, Kontiki Stockbroking, on +679 3307284 or [infodesk@kontiki.com.fj](mailto:infodesk@kontiki.com.fj), or your professional financial adviser.

Yours sincerely,



**Graham Rose**  
**Company Secretary**  
**Coca-Cola Amatil (Fiji) Pte Ltd**

<sup>3</sup> Whilst this is the minimum waiting period for a compulsory acquisition under the Companies Act, shareholders have 90 days from the date of this notice to require CCEP Fiji to acquire their shares.

<sup>4</sup> Assuming there are no objections, the compulsory acquisition process is expected to take approximately 5 to 6 weeks from the date of this notice to complete.

REGISTRAR OF COMPANIES  
OF  
THE REPUBLIC OF FIJI

FORM A53  
Sections 263, 440  
of the Companies Act 2015

**NOTICE OF COMPULSORY ACQUISITION OTHER THAN FOLLOWING A  
TAKEOVER**

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) of the form or complete an annexure and submit the relevant page(s) or annexure as part of this lodgement.

**Target Company / Target Scheme details**

Target Company / Target Scheme name **Paradise Beverages (Fiji) Limited**  
Company number (if applicable) **449**

**Lodgement details**

Who should the Registrar contact if there is a query about this form?

Firm/organisation	<b>Coca-Cola Amatil (Fiji) Pte Limited</b>
Contact name	<b>Graham Rose</b>
Position description	<b>Company Secretary</b>
Telephone number (during business hours)	<b>+679 339 4333</b>
Email address (optional)	

Level/Office building	<b>Lot 1</b>
Street number and street	<b>Ratu Dovi Road, Laucala Beach Estate</b>
Town/City	<b>Nasinu</b>
Island	<b>Viti Levu</b>

**Notice to:**

Insert details of holder.

Surname ..... **[Shareholder]** .....  
First name(s) .....  
Former name .....

OR

Company name .....  
Company number (if incorporated in Fiji) .....  
Country of incorporation (if not Fiji) .....

Level/Office building **[Shareholder address]** .....  
Street number and street .....  
Town/City .....  
Island/State/Territory .....  
Postcode .....  
Country (if not Fiji) .....

**Type of notice**

- Section 263 – Compulsory acquisition of Shares or Interests other than following a Takeover**
- Section 440 – Power to acquire Shares of Members dissenting from scheme or contract approved by majority

**Details of notice under section 263**

Name of bidder Coca-Cola Amatil (Fiji) Pte Limited

has a Relevant Interest in issued voting Shares in a Target Company or issued voting Interests in a Target Scheme, which has voting power attached to that interest of at least 90% in value of the Shares in a Target Company or Interests in a Target Scheme ("90% Relevant Interest").

Details of Shares or Interests in which the Bidder has a 90% Relevant Interest

9,382,323 ordinary shares in Paradise Beverages (Fiji) Limited

The Bidder hereby gives you notice under section 263 of the Companies Act 2015 that the Bidder has become entitled pursuant to compulsorily acquire your Shares or Interests (as applicable) and desires to acquire those Shares or Interests (as applicable).

**Details of notice under section 440**

A scheme or contract (not being a scheme or contract arising out of the making of offers under a Bidder's Statement) involving the transfer of Shares or any class of Shares in a Company to another Company ("Transferee Company") has, within 4 months after the making of the offer by the Transferee Company, been approved by the holders of not less than 90% in value of the Shares (other than excluded Shares).

You have not assented to the scheme or contract or have failed to transfer your Shares in accordance with the scheme or contract.

(Name of Transferee Company ) hereby gives you notice under section 440 of the Companies Act 2015 that the Transferee Company has become entitled to compulsorily acquire your Shares and desires to acquire those Shares.

**Signature**

This form must be signed by a current officeholder of the Bidder / Transferee Company.

I certify that the information in this notice and the attached documents are true and complete.

Name ..... **Graham Rose**.....

Capacity

- Director
- Company secretary

Signature 

Date signed 30 / 06 / 2021



# **PARADISE BEVERAGES (FIJI) LIMITED**

## **INDEPENDENT EXPERT'S REPORT**

APRIL 2021

## INTRODUCTION

### Transaction

Coca-Cola Amatil (Fiji) Pte Limited ("CCAF") currently hold 9,325,000 shares or 89.59% of the shareholding in Paradise Beverages (Fiji) Limited ("PBF", or the "Company") and plan, subject to regulatory approval, to compulsorily acquire all the issued shares of PBF that it does not hold, to take 100% ownership of PBF. CCAF have requested an independent valuation of the shares of PBF to provide an independent opinion as to whether the share offer price is fair and reasonable.

CCAF has entered into an agreement, conditional on regulatory approvals, to acquire 57,323 shares (0.55%) in PBF from an institutional investor which will take CCAF's shareholding to 90.14%. Thereafter, CCAF intends to compulsorily acquire the remaining minority shareholding by way of the compulsory acquisition provisions of the Companies Act 2015. The acquisition of the remaining shares will be for the same purchase price per share as that offered to the institutional investor.

We understand it is not a requirement under the Companies Act 2015 that an independent valuation assessment be provided while undertaking a buy out of under 10%. Notwithstanding the above, CCAF engaged BDO Corporate Finance (Fiji) Pte Limited ("BDO") to prepare this report for provision to Shareholders and other interested parties such as regulatory bodies in support of CCAF's position, that the price offered to the shareholders is fair and reasonable.

### Conclusion

The compulsory acquisition offer from CCAF to the shareholders of PBF is \$25.21 per share. Based on our assessed valuation of PBF, we consider **the offer to shareholders is FAIR and REASONABLE.**

Our fair market valuation for the Company is a range of \$18.80 to \$19.83 per share. As set out below the CCAF offer represents a premium of 27% to 34% over this.

Premium Offered by CCAL	Low	High	Mid
CCAL Offer per Share	\$ 25.21	\$ 25.21	\$ 25.21
BDO Valuation per Share	\$ 18.80	\$ 19.83	\$ 19.31
<b>Offer Premium to BDO Assessment</b>	<b>34.08%</b>	<b>27.15%</b>	<b>30.52%</b>

Source: BDO Analysis

### Valuation Summary

We have assessed the equity value of PBF using the Future Maintainable Earnings ("FME") Methodology. The following table sets out our valuation of PBF's equity as at 31 March 2021 and the corresponding share price.

FME Valuation (EBITDA)	Low	High	Mid
Future maintainable earnings - EBITDA (\$000)	21,320	21,320	21,320
Earnings Multiple	7.75x	8.25x	8.00x
<b>Enterprise Value (\$000)</b>	<b>165,230</b>	<b>175,890</b>	<b>170,560</b>
Add: Surplus Cash	30,472	30,472	30,472
<b>Equity Value (\$000)</b>	<b>195,702</b>	<b>206,362</b>	<b>201,032</b>
Total Number of Shares (000)	10,408	10,408	10,408
<b>Equity Value per Share</b>	<b>\$18.80</b>	<b>\$19.83</b>	<b>\$19.31</b>

Source: BDO Analysis

We have assessed the enterprise value of PBF to be within a range of \$165m to \$176m with a midpoint of \$171m.

After adding back the Company's surplus net cash of \$30m we have assessed the equity value to be within a range of \$196m to \$206m with a midpoint of \$201m.

This results in our assessment of the equity value per share, to be within a range of \$18.80 to \$19.83 with a midpoint of \$19.31. This price represents a small discount to the most recent price traded South Pacific Stock Exchange ("SPX") of \$20.00.

## VALUATION

### Business Background

PBF is one of the Pacific region’s leading beverage companies with market leading brands such as Fiji Gold, Fiji Bitter, Vailima and Bounty Rum which are produced at its manufacturing sites in Suva, Apia and Lautoka. PBF was incorporated in 1957 as Carlton Brewery Fiji Limited (“CBFL”) and initially exclusively brewed beers.

In 1998, South Pacific Distilleries Limited was acquired from Fiji Sugar Corporation Limited along with the Bounty Rum brand. This was followed by the purchase of Samoa Breweries Limited in Apia, the manufacturer of Valima Beer and bottler of Coca-Cola, which lead to the production of RTDs in the years that followed. CBFL merged with South Pacific Distilleries in 2005 to form Fosters Group Pacific Limited.

The Company was listed on the SPX in 2005. In 2012, as the result of the takeover of PBF’s majority owner Fosters Group, CCAF purchased a 89.59% stake in the Company in 2012 and it was subsequently renamed to Paradise Beverages (Fiji) Limited.

From CCAF’s purchase of the majority shareholding in PBF in 2012 to February 2020, the share price fluctuated between \$10 and \$15. A sharp increase to \$30 a share occurred in March 2020. We observe that this occurred at a time when most listed share prices were declining due to the impact of Covid-19, that the transactions involved low numbers of shares, and that there were no market announcements from the Company in this period. We consider, therefore, that this increase was not representative of the underlying value of the Company. The price has since returned to \$20 as at 27 April 2021. The chart below illustrates the share price and share volumes traded on the SPX over the last five years.



Source: South Pacific Stock Exchange

### Valuation Methodology Adopted

We considered the following valuation methodologies when assessing the value of PBF:

- ▶ Capitalisation of Future Maintainable Earnings (“FME Methodology”); and
- ▶ Discounted Cash Flows (“DCF Methodology”).

The methodologies above are accepted as appropriate for businesses operating as going concerns which is the case for PBF.

We have selected the FME Methodology as our primary valuation approach in this instance. We selected this approach for the following reasons;

- ▶ PBF is an established business operating in developed markets, with a stable cost base and capital structure;
- ▶ PBF has a history of sustainable earnings;
- ▶ BDO has access to market transactions information which ensures that the valuation of PBF is based on actual market activity.

A DCF approach was ruled out as a beyond three year cashflow forecast is not currently produced by Management.

## VALUATION

### FME Valuation

The determination of an appropriate level of FME requires assessment of;

- ▶ The historical and forecast operating results;
- ▶ Items of income and expenditure, that are non-recurring, not on commercial terms, or related to surplus assets; and
- ▶ Any other known factors likely to affect the future operating performance of the business existing at the valuation date.

### Determination of FME

In deriving the future maintainable earnings of PBF we reviewed the historical trading results for the previous three financial years and the three year forecast ending FY Dec 23 and held discussions with management to understand the future prospects of the Company and how those relate to past performance.

### Normalisation Adjustments

Items of revenue or expenditure of an abnormal or non-recurring nature, which are not considered to be ongoing, need to be adjusted from the historical financial information. We summarise the normalisations in the table below.

Normalisations Summary (\$'000)	Notes	YE Dec 18	YE Dec 19	YE Dec 20	FY Dec 21	FY Dec 22	FY Dec 23
EBIT		12,937	1,218	(3,810)	13,900	18,200	20,000
EBITDA		22,909	18,971	16,239	22,167	27,349	30,930
<b>EBITDA Adjustments:</b>							
Insurance Claim - Office Fire	<b>1</b>	-	(616)	(2,304)	-	-	-
Non-Trading Items - Stock Write-Offs	<b>2</b>	-	1,495	2,911	-	-	-
Non-Trading Items - Restructuring	<b>3</b>	-	-	1,036	-	-	-
<b>Total EBITDA Normalisations</b>		-	<b>879</b>	<b>1,643</b>	-	-	-
<b>EBIT only Adjustments:</b>							
Impairment of PPE	<b>4</b>	-	5,771	4,671	-	-	-
Impairment of Intangibles - Brand	<b>5</b>	-	-	6,718	-	-	-
Impairment of Goodwill	<b>6</b>	-	1,555	-	-	-	-
<b>Total Normalisations</b>		-	<b>8,205</b>	<b>13,032</b>	-	-	-
<b>Normalised EBIT</b>		<b>12,937</b>	<b>9,423</b>	<b>9,222</b>	<b>13,900</b>	<b>18,200</b>	<b>20,000</b>
<b>Normalised EBITDA</b>		<b>22,909</b>	<b>19,850</b>	<b>17,882</b>	<b>22,167</b>	<b>27,349</b>	<b>30,930</b>

Source: BDO Analysis

Our comments in respect of the normalisations are provided below (as referenced in the table):

1. The office buildings in Fiji were impacted by two separate fire incidents in 2018 (the first occurring in April 2018 and affecting the new office block and the second occurring in November 2018 and affecting the old offices and storage). Insurance proceeds of \$2.92m were recorded as other revenue. We consider that this does not relate to the ongoing trading of the business and have therefore excluded it from our assessment of FME.
2. The Samoan business incurred a significant loss of market share in 2017 and 2018 due to the Samoan factory experiencing major manufacturing issues and decreasing production quantities as a result. Management advise that a significant amount of market share was lost in the Samoan beer market over this period. A review of the assets held under the Samoan business was subsequently carried out to assess whether the assets were still appropriately valued. The stock write-offs largely related to spare parts that were unusable.
3. The restructuring costs relate to the Samoa operation as it transitioned the business from local production of soft drinks to the importation of soft drinks from Fiji. This included costs such as staff, soft drink related production assets and raw materials.
4. Following the significant loss of Samoan market share, a wider assessment of the carrying value of the total fixed asset register was performed which resulted in impairment charges over the Samoan property, plant and equipment.

## VALUATION

5. The impairment of Brands relates predominantly to a write down in the value of the Vonu beer brand. PBF purchased the Vonu brand in 2014, and since acquisition, sales have not performed as expected. Repositioning of the brand was not successful and as such, Management carried out an impairment test which resulted in the value of the brand being written down to nil.
6. Goodwill arose on PBF's purchase of the Samoan subsidiary Samoa Breweries Limited ("SBL"). Due to the losses recorded by SBL, impairment testing was carried out on the business as a separate CGU. Based on the impairment testing, the Group wrote down the entire amount of goodwill associated with the Samoan business.

### FME

In arriving at a future maintainable earnings figure we have selected weightings and applied these to the normalised EBITDA for the selected periods. The maintainable earnings level we have adopted is set out in the table below:

Future Maintainable Earnings (\$'000)	YE Dec 18	YE Dec 19	YE Dec 20	FY Dec 21	FY Dec 22	FY Dec 23
Normalised EBITDA	22,909	19,850	17,882	22,167	27,349	30,930
Weighting	0.0%	0.0%	50.0%	25.0%	25.0%	0.0%
<b>Future Maintainable Earnings (EBITDA)</b>						<b>21,320</b>

Source: BDO Analysis

We have selected a weighted average of the YE Dec 20, FY Dec 21 and FY Dec 22 earnings. We have not applied any weighting to FY Dec 23 due to the uncertainty in forecasting into the longer-term.

In our review of the Company's historic and forecast trading, we identified four key external factors which may impact on PBF's forecast performance. These are:

- ▶ COVID-19, which has resulted in border closures and significantly impacted Fiji's tourism sector. The impact of this on PBF's forecasts is twofold, directly reducing sales from inbound tourists and an overall decreased demand due to the Fijian macroeconomic climate.
- ▶ The 2020 removal of import duties on imported alcoholic beverages. This may result in an increased market share for imported products at the expense of local producers.
- ▶ A reduction in alcohol excise tax on 17 July 2020. This reduces the price paid by consumers, while not impacting the price received by producers. The result of this may be an increased demand for alcohol products, including those produced by PBF.
- ▶ The entry of a potential competitor to the beer market in Fiji. Hari Punja & Sons Pte Limited announced in January 2021 that they will be forming a joint venture with the Samoan brewer Taula Beverages Co Limited ("Taula") in order to establish a new brewery in Fiji. Taula gained a significant amount of market share from the Samoan beer market from PBF as outlined in normalisation adjustment 2 on the previous page. Management are aware of this threat however are confident they can retain their market position.

We have discussed these matters with Management and consider they have been reflected in the Company's forecasts for FY Dec 21, 22 and 23. The weightings selected allocate 50% of the FME to the current levels of EBITDA with the other 50% being evenly split between the first and second year of forecast performance, which both have a level of growth forecast as Management anticipate the business returns to pre COVID-19 trading levels.

### Determination of Multiple

The selection of an appropriate earnings multiple to apply to the FME is ultimately a matter of judgement. The earnings multiple reflects both expected returns from investments in the relevant industry and the expected risks in achieving those returns.

In deciding what multiple is appropriate an assessment must be made of;

- ▶ Comparable or similarly sized companies;
- ▶ The extent and nature of competition in the industry;
- ▶ The market in which the entity trades;
- ▶ Quality of earnings, future growth opportunities; and
- ▶ Relative risk compared to other investments.

We have selected EBITDA as our earnings measure. The value calculation for the majority of recent transactions to which BDO has been an advisor, have been assessed on this earnings basis.

## VALUATION

In assessing an appropriate multiple for PBF we have considered two pools of comparable entities. These are listed in Appendix Two to this Report.

The first are brewers and distillers which have transacted in the last seven years. The six transactions that we identified had a mean EBITDA multiple of 9.66x and after adjusting for the additional country risk associated with trading in Fiji the adjusted mean EBITDA multiple was 7.86x.

The second are listed brewers and distillers in the Asia Pacific region. The mean EBITDA multiple as at 31 March 2021 for these companies was 12.01x. After adjusting for country risk premia we consider the comparable Fijian multiple to be 8.98x.

The discounts applied in reaching a Fiji equivalent multiple differ due to the differing origin countries of the comparable companies.

We have assessed the valuation multiple for PBF to be in a range of 7.75x to 8.25x as set out in the table below.

Capitalisation Multiple	Low	High	Mid
EBITDA Multiple	7.75x	8.25x	8.00x

Source: BDO Analysis

When making our final assessment of the PBF multiple we have taken into consideration factors which may distinguish PBF from the businesses involved in the transactions listed above, particularly:

- ▶ The relative size of the PBF business;
- ▶ The geographic location the business is operated;
- ▶ The size of the market PBF trades in and the volume of transactions traded

Our multiple range is at a discount to the country risk adjusted trading multiples. We consider this is appropriate given the significant larger size and liquidity of investment that these comparable companies represent.

### Net Surplus Cash

In assessing the equity value of the Company we have added the value of the Company's surplus cash to the enterprise value calculated using the FME methodology.

We have assessed this balance using the Company's audited balance sheet as at December 2020, this is summarised in the table below.

Net Cash and Debt (\$000)	YE Dec 20
Cash	34,673
Income Tax Payable	(457)
Hire Purchases	(434)
Term Loans	(3,037)
Deferred Tax Liabilities	(272)
<b>Total Net Cash and Debt</b>	<b>30,472</b>

Source: Audited Financial Statements, BDO Analysis

We have discussed the significant cash balance held by the Company with management. We understand that there are no significant claims on the funds such as deferred capital expenditure or significant creditor balances. We consider that the cash is therefore available to be transferred to the shareholders and should be considered surplus.

## DISCLAIMERS AND CONSENTS

This report has been prepared at the request of Coca-Cola Amatil (Fiji) Pte Limited for inclusion in the Notice to Shareholders for the compulsory acquisition of the shares of the PBF Shareholders. It may also be lodged in correspondence with regulators and statutory authorities such as, but not limited to, the Reserve Bank of Fiji and SPX. CCAF engaged BDO Corporate Finance (Fiji) Pte Limited to prepare an independent expert's report to consider fairness and reasonableness of the offered sale price for each PBF share. BDO Corporate Finance (Fiji) Pte Limited has not acted as a professional adviser of Coca-Cola Amatil (Fiji) Limited. A director of BDO Corporate Finance (Fiji) Pte Limited holds 500 shares in Paradise Beverages (Fiji) Limited, which we do not consider to be material enough to impact our independence.

BDO Corporate Finance (Fiji) Pte Limited hereby consents to this report accompanying the above Notice to Shareholders and notices to regulators including the Reserve Bank of Fiji and SPX. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (Fiji) Pte Limited.

BDO Corporate Finance (Fiji) Pte Limited takes no responsibility for the contents of the Notice to Shareholders other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (Fiji) Pte Limited acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Paradise Beverages (Fiji) Limited. BDO Corporate Finance (Fiji) Pte Limited provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

We have reviewed the Company's financial information available including the financial statements for the last two financial years as well as reviewing the budget for the three years ended 31 December 2023. We have researched and obtained comparable company transactions to ensure our assessment of value is based on recent market transactions. We have held teleconference calls with Management, to discuss the business history and future prospects of the Company.

Whilst we have no reason to doubt that the information provided to us is reliable, complete and not misleading and that no material facts have been withheld, we do not warrant that our enquiries have revealed all matters which a more detailed extensive investigation may have disclosed. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of the Company will be achieved. Forecasts are inherently uncertain. They are necessarily based on assumptions, many of which are beyond the control of the Company and its directors and management team. Actual future results will vary from the forecasts and these variations may be significantly more or less favourable.

We have not attempted to independently confirm the information in this Report and accordingly express no opinion as to its truth or accuracy.

The valuation date of our report is 31 March 2021.

The opinion of BDO Corporate Finance (Fiji) Pte Limited is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

BDO Corporate Finance (Fiji) Pte Limited is the holder of an Investment Adviser Licence (Body Corporate) and its directors Nalin Patel and Pradeep Patel are holders of Investment Adviser Licences all of which are Securities Industry Licences issued by the Reserve Bank of Fiji under the Companies Act 2015.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Offer, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of CCAF, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

Yours faithfully

BDO CORPORATE FINANCE (FIJI) PTE LIMITED



Nalin Patel  
Director



Andrew Grace  
Director - BDO Christchurch Limited

## APPENDIX ONE - DEFINITIONS, ABBREVIATIONS AND GLOSSARY OF TERMS

Abbreviation	Meaning
	Hyperlink to contents page
BDO	BDO Corporate Finance (Fiji) Pte Limited
CCAF	Coca-Cola Amatil (Fiji) Pte Limited
Company	Paradise Beverages (Fiji) Limited
DCF Methodology	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FJ	Fijian
FME	Future Maintainable Earnings
FME Methodology	Capitalisation of Future Maintainable Earnings
k	Thousand
m	Million
Management	Management of CCAF
NPAT	Net Profit After Tax
NPBT	Net Profit Before Tax
NTA	Net Tangible Assets
NTA Methodology	Net Tangible Asset Value on a Going Concern Basis
p.A	Per annum
PBF	Paradise Beverages (Fiji) Limited
PPE	Property, Plant and Equipment
PV	Present Value
Report	This report, being the report prepared by BDO Corporate Finance (Fiji) Pte Limited which sets out the share valuation of PBF as at 31 March 2021
RTD	Ready to Drink alcohol products

## APPENDIX TWO - INTERNATIONAL MULTIPLES

Transactional Data from Capital IQ			Enterprise Value	Total Assets	Revenue	EBITDA	EV/EBITDA	Fiji Adj
Entity	Notes	Date	FJD m	FJD m	FJD m	FJD m		Multiple
Purcari Wineries Public Company Limited	1	29/01/2020	295.29	186.12	104.62	33.01	8.94x	8.50x
Off-Centered Way LLC	2	3/07/2019	377.48	250.56	236.50	48.96	7.71x	6.08x
Charles Wells Limited, Brewing and Beer Business	3	2/06/2017	151.52	n/a	253.42	16.53	9.17x	7.24x
Arcus ASA	4	19/03/2017	997.17	1,086.55	653.33	81.99	12.16x	8.54x
Pincon Spirit Limited	5	16/05/2016	168.21	127.09	305.34	17.99	9.35x	8.29x
Company group ALITA AB	6	5/12/2014	83.80	60.73	63.16	7.87	10.65x	8.53x
<b>Average from Selected Companies</b>							<b>9.66</b>	<b>7.86</b>

Source: Capital IQ

The transactions in the above table are summarised as follows:

1. Purcari Wineries operates three wineries in Moldova and one in Romania and is listed on the Bucharest stock exchange. Horizon Capital sold their shareholding in Purcari Wineries for an implied enterprise value of FJD 295.29m.
2. The Off-Centered Way LLC transaction involved the merging of the Boston Beer Company, a Boston brewer founded in 1984 and the Dogfish Head Craft Brewery, a Delaware based brewery founded in 1995. The deal was worth an implied enterprise value of FJD 377.48m.
3. UK brewer Charles Wells sold its brewery and the majority of its beer brands to rival Marston's in a deal worth an implied FJD 151.52m in May/June 2017.
4. Arcus ASA is Norway's largest wholesaler of wine and liquor. Ratos AB sold their shareholding of 23.6% in Arcus ASA to Canica AS and Sundt AS for an implied enterprise value of FJD 997.17m in March 2017.
5. Pincon Spirit Limited is based in India and is in the business of blending, bottling and wholesale distribution of liquors such as rum, whisky, vodka, brandy and beer.
6. Alita is one of the largest producers of alcoholic beverages in Lithuania. In December 2014, FR&R Invest AB, a subsidiary of Swedbank AB sold an 85.4% shareholding in Alita to UAB Mineraliniai vandenys, a wholesaler of alcohol and tobacco in the Lithuanian market.

Trading Multiples from Listed Companies	Exchange	EV/EBITDA	EV/EBIT	Market Cap (FJD 000)	EV (FJD 000)
Sapporo Holdings Limited	Japan	15.40	NM	3,341	7,880
Asahi Group Holdings, Ltd.	Japan	15.60	29.00	44,210	77,362
Kirin Holdings Company, Limited	Japan	10.70	15.60	33,060	48,181
Takara Holdings Inc.	Japan	10.80	15.70	5,572	5,931
Oenon Holdings, Inc.	Japan	6.95	12.70	455	522
Yomeishu Seizo Co., Ltd.	Japan	12.60	20.50	491	328
<b>Mean</b>		<b>12.01</b>	<b>18.70</b>		
<b>Median</b>		<b>11.70</b>	<b>15.70</b>		

Source: Capital IQ

Trading multiples were searched for listed companies in the Asia Pacific region. From the list generated from Capital IQ, an Australian company was excluded from the above list due to the multiple being a significant outlier from the remainder of the list. A New Zealand company was also excluded from the list as their brewery operations are not considered as part of their core operations.